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Floor covering merchandising—p. 35

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National
Home Center News®

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Wolohan Lumber readies expansion plans as 2nd qtr. sales rise 11%

SAGINAW, Mich. — Fresh from a quarter that saw a hearty rebound in its sales, Wolohan Lumber is taking steps to strengthen its market position in the Midwest.

The company reported net sales of $43,428,000 for the second quarter of this year, representing an 11% increase over the same quarter last year. And net income increased by some 33% to $1,365,000 for the quarter, giving the $139 million chain of 35 stores its best results in several years.

David F. Wallace

The company said it would open a new, 40,000-sq.-ft. store—its third of that size—in Flint, Mich., early next year, as part of a larger effort to open an average of four or five stores annually, and to grow the chain to 50 units.

Gary Sellers, formerly a regional manager at the company, was promoted July 1 to the newly created position of vp of operations, a position that had been left vacant for several years. Filling the position now is, in the words of company president David Wallace, "part of our strategy to build a management team for future growth."

While Wolohan did not predict future sales, the investment firm of Roney & Co., Detroit, said that it expected the company to top $153 million by the end of this fiscal year, then move up to $170 million in 1986.

(Continued on page 61)

Comp-store earnings decline sends Depot stock downward

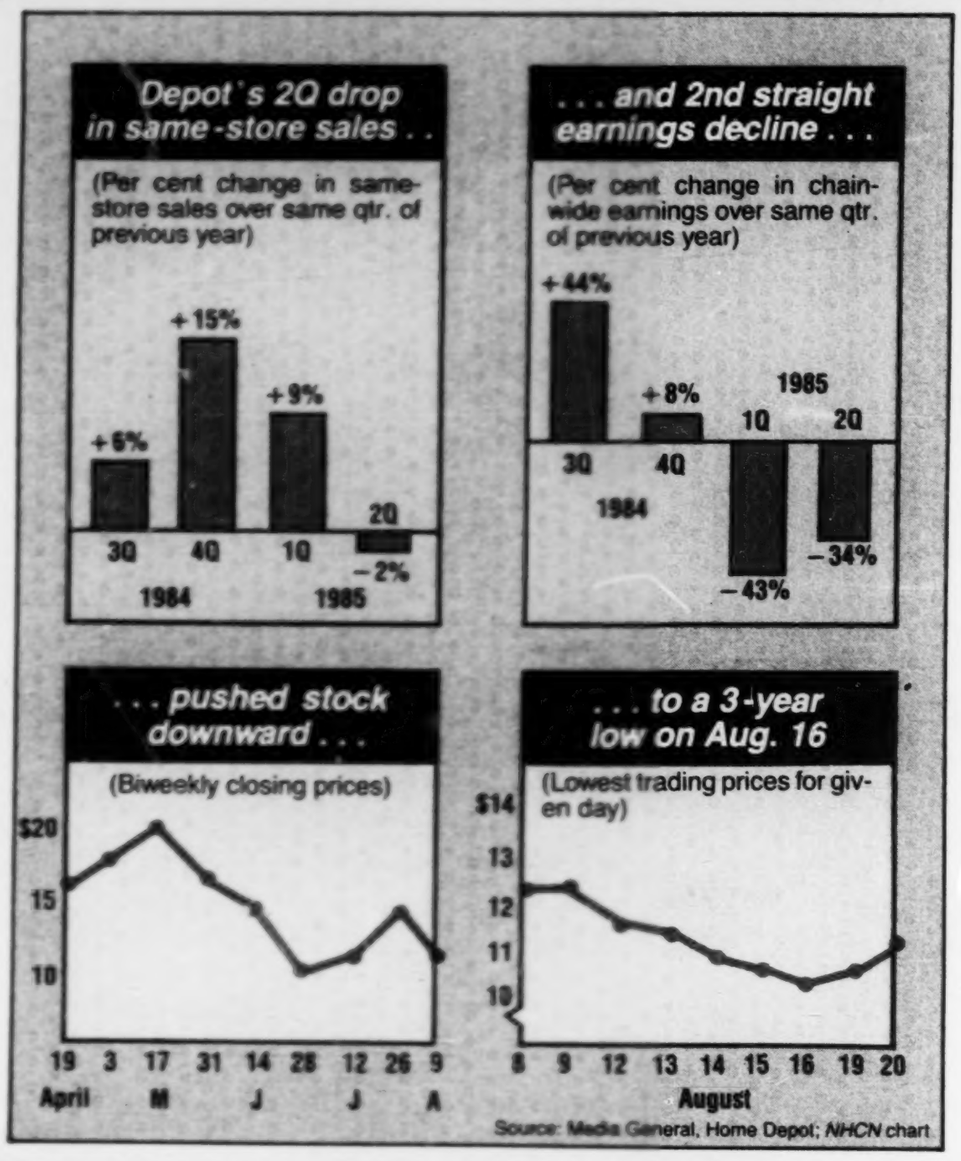
By Phillip M. Perry
NHCN senior editor

ATLANTA — The Home Depot reported its first quarterly decline in same store sales last month, along with the chain's second consecutive quarterly earnings drop. The announcement raised the possibility, in the minds of many analysts, that 1985 will be the first year the company experiences an earnings decline.

The company issued a report on Aug. 12 that second quarter comp-store sales had dropped 2% from the level of the same quarter last year, and that earnings results, due the following Tuesday, might be disappointing. As investors reacted to the news, Home Depot's stock hit new 12-month lows five days in a row, dropping 16% from the 12½ level it had held on the day prior to the announcement. The stock finally hit bottom on Aug. 16 at 10½, its lowest point in nearly three years.

When the company released its earnings figures on Aug. 20, the stock rebounded and began trading around 11⅞. The virtu-

(Continued on page 61)



Source: Media General, Home Depot; *NHCN* chart

Ace circular to vault co-op over $1B mark

OAK BROOK, Ill. — Ace Hardware has taken the wraps off a special holiday circular program that will push the nation's second largest wholesale hardware cooperative over the $1 billion sales mark.

Ace, which last year had sales of $926 million at cost, already has $4.5 million in merchandise orders precommitted by dealers who placed the orders based on a list of 60 "hot" items that will be featured in the eight-page tab.

Each dealer who signs up for the "Billion Dollar Sale-A-Bration" program will receive 1,000

(Continued on page 61)

Builders Square jumped into the southern California home center donnybrook on Aug. 15 with a 90,000-sq.-ft., state-of-the-art unit in the city of Riverside.

NHCN photo

Builders Square opens 1st unit in southern California

By Brad Altman
NHCN associate editor

RIVERSIDE, Calif. — Builders Square, K mart's warehouse home improvement chain, secured a West Coast beachhead here in mid-August just three weeks after The Home Depot landed in California.

Approximately 30 Builders Square warehouses will debut in California within two years, said Frank Denny, president and ceo of the San Antonio-based chain.

A half-dozen units will open in northern California and the remainder—"20 to 25" units—will be located "south of Santa Barbara," Denny said.

The next Builders Square in California, an 80,000-sq.-ft. ex-Zodys discount department store in Oxnard, is set to debut in November.

"Due to the population density and weather, California is America's No. 1 DIY market," Denny said. He added that top management "all came from here—and we know this market."

During the September Labor Day weekend, Builders Square was slated to open three more units—two in Houston and one in Cleveland, according to Denny. Other Builders Square mar-

(Continued on page 61)

NEWSBREAKS

HQ TO SOUTH CAROLINA. Home Quarters Warehouse, Virginia Beach, Va., said it would move out of its home state for the first time with its third store, scheduled to open by the end of this year in Columbia, S.C. The W. R. Grace subsidiary plans to utilize 85,000 sq. ft. of the 140,000-sq.-ft. former headquarters of Intertec Data Systems. HQ purchased the property for $5.7 million on Aug. 6.

- HomeClub lifts margins to 23.3%—Page 2
- Payless closing first unit —Page 3
- Knox ceo cancels expansion plans —Page 2
- 800,000 locked out of homeownership —Page 12

Changing distribution, building slump force Denver wholesaler out of business

By Milford Prewitt
NHCN associate editor

DENVER — The decline of Denver's construction activity and the lessening importance of wholesale distribution networks in the home center and building materials industries was the one-two punch that has knocked a major wholesale distributor here out of business.

The Denver Reserve Supply Co., a prominent lumber and building materials distributor in the Denver area for 57 years was shutting down its operations last month and liquidating its assets and inventory, said company president, Eugene R. Kotlarek.

Kotlarek, who came aboard the ailing firm in 1984 to improve its dire condition, said the company had been losing money steadily in the past six years, from an income peak in 1978 of $34 million to a plummet in 1984 of $12 million.

A cooperative wholesaler comprised of stock-holder customers, many of them home centers and lumberyards in the Denver area, Kotlarek said one of the major reasons the company did not recover is that it failed to adapt to "revolutionary changes" in wholesale distribution.

He explained that after the housing recession of the early 80's and the corresponding escalation of interest rates, retailers and manufacturers laid the rudimentary foundations of what has blossomed into direct-manufacturer distribution.

He said the new system that has developed was particularly detrimental in lumber sales at Denver Reserve, which accounted for more than half of the firm's earnings. In the case of plywood, for example, which

(Continued on page 61)

NHCNews Briefs

Industry Update

Antitrust suit delayed

SEATTLE — A federal judge has granted Pay 'N Pak's request to delay the start of an antitrust lawsuit brought against it by Thurman Industries, rescheduling the trial to Sept. 8, 1986, from its March 1986 date.

The delay gives both sides until April to complete legal proceedings in which witnesses are interviewed and documentary evidence is exchanged (*NHCN*, July 15).

In related pretrial legal proceedings, federal Judge Barbara J. Rothstein is preparing a written opinion on a Pay 'N Pak counterclaim to a Thurman Industries complaint.

Thurman Industries is suing Pay 'N Pak for at least $3 million, claiming that the 99-unit, Kent, Wash.-based retailer engaged in antitrust violations designed to force the 10-store building supply retailer out of business.

Ace joins Discover Card lineup

OAK BROOK, Ill. — Ace Hardware Corp. has joined the list of service establishments that will honor the new Discover Card when it is introduced in Atlanta this fall.

Paul Ingevaldson, data processing director for Ace, the dealer-owned cooperative with 4,700 stores, said, "We believe that the service Ace store owners provide to their customers will be enhanced by accepting the Discover Card." Ingevaldson said that Discover Card transactions will be handled at all the participating Ace stores.

The Discover Card is Sears newest entry into the financial services market.

Somerville sets 4th, 5th sites

SOMERVILLE, Mass. — Somerville Lumber Co. chairman Melvin Cohen said the company will open its fifth unit, in Seekonk, Mass., early next year.

Somerville's fourth unit, in Pelham, N.H., is expected to open about the same time.

Currently, the three-unit lumber company is "looking everywhere within a 50-mile radius of Boston" for new sites to open within the next three years, said Cohen. "But we don't have any other land purchased at this time."

The Seekonk unit, like the one in Pelham, N.H., will be a 56,000-sq.-ft. store, but situated on 16 acres, only 10 of which will be developed. Pelham is on 10 acres.

Paty Co. slates grand opening

PINEY FLATS, Tenn. — The Paty Company has scheduled the opening of its new store in Kingsport, Tenn., for Sept. 9 with grand opening promotions slated to begin on Sept. 21.

The new 40,000-sq.-ft. store replaces the currently existing 8,000-sq.-ft. store on the same site. According to Paty's marketing vp John Kiss, the new store will be the largest home center in the Kingsport-Johnson City-Bristol area.

J.T.'s breaking ground in R.I.

MIDDLETOWN, R.I. — J. T.'s Home and Builders Centers will shortly break ground on a 50,000-sq.-ft. unit in Warwick, R.I., bringing its store count back to five units.

The new build-to-suit, scheduled to open in the spring of 1986, will be the $30 million chain's largest retail store, built on a 19-acre site. It will contain new product lines and aim for a 50% consumer/contractor mix, as the company moves away from its current 65% contractor bias.

The Warwick unit is the first in a major expansion plan, with two more stores slated to open by year-end 1986. J. T.'s Home & Builders Centers recently closed a 5,000-sq.-ft. hardware unit in Newport.

Pay 'n Save sells outlets

SEATTLE — Pay 'n Save has sold its four-unit Price Savers Wholesale outlets to the Kroger Co. of Cincinnati.

The purchase price was not disclosed.

Kroger Co. officials said they would continue to operate the Price Savers in Salt Lake City, Anchorage, Seattle and Tacoma, Wash., as a separate independent division using the existing 400 store-level and managerial employees.

Price Savers under Pay 'n Save leadership had a short but troubled life. Modeled after the Price Club, a chain of general merchandise warehouses which also sell food and liquor, the discount outlets reportedly never met Pay 'n Save's profit expectations.

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Vol. 11, No. 19 September 9, 1985

HomeClub lifts margins to 23.3% to attain first profitable quarter

Prospectus reveals $924,000 loss since inception

By Brad Altman
NHCN associate editor

FULLERTON, Calif. — HomeClub Inc., the 10-unit membership warehouse chain based here, has lost $924,000 on sales of $113 million since its July 1983 inception, according to a preliminary prospectus filed with the SEC.

Moreover, the chain, which realized its first profitable quarter in the three-month period ended April 28—net earnings of $1.41 million on sales of $34.8 million—was forced to raise its gross profit margin to 23.3% for that fiscal period.

In fiscal 1984, operating with a profit margin of 21.9%, HomeClub lost $1.78 million on sales of $68.1 million, which suggests that HomeClub may not be able to operate its no-frills, high-volume warehouses with a 20% margin as company officials have consistently said was their goal.

The 23.3% profit margin is still believed to be considerably lower than other warehouse formats in the industry. The prospectus said the gross margin increase in part "was due to volume purchase discounts which the company received as a result of expanded operations."

HomeClub turns $1.4 million 1Q profit

Financial history (in thousands of dollars)

	Fiscal 1983 (7/7/83 to 1/29/84)	Fiscal 1984 (1/30/84 to 1/27/85)	1Q-1984 1/30/84 to 4/29/84)	1Q-1985 (1/28/85 to 4/28/85)
Revenues	$10,031	$68,164	$9,455	$34,812
Income	(547)	(1,789)	(377)	1,412

Parentheses denote loss
Source: HomeClub preliminary prospectus issued Aug. 9, 1985

HomeClub has lost $924,000 on sales of $113 million since its inception on July 7, 1983.

The financial results were revealed in a prospectus issued in conjunction with HomeClub's initial public offering of 2.25 million shares of common stock priced at $14 to $16 a share. Results for the second fiscal quarter were not available when this story was written in late August.

Over the last several months, HomeClub had been widely expected to make the move to public ownership, and, filed a registration statement with the Securities and Exchange Commission on Aug. 9 (*NHCN*, Aug. 12).

Proceeds from the offering, which are expected to total from $31.4 million to $35.9 million, will be used to finance an expansion program that will open eight additional warehouses in California before the end of 1985 and 15 to 18 warehouses in the western U.S. next year.

Founder and chief executive Robert J. McNulty told *NHCN* the chain has committed to sites in Seattle and Denver, scheduled for opening in 1986.

HomeClub's 10th unit, an 84,000-sq.-ft. warehouse in Santa Rosa, Calif., opened Aug. 19.

The faster-paced expansion out of California would move HomeClub beyond its established operating area and could lead to stepped up competition for such retailers as Ernst Home Centers in Washington and Payless Cashways in Colorado.

In addition to the financial

(Continued on page 60)

Knox ceo cancels expansion plans; fills vacant slots

ST. PAUL — Knox Lumber Co. president and ceo Richard Miller said that in addition to canceling expansion plans unveiled earlier this year by the company's previous management, he has filled several key positions that became vacant after four of the managers resigned in July.

Effective Aug. 12, Miller said Mike Carver, formerly a company hardware merchandiser, is vp-merchandising; Jack Walsh, gm-operations, is now vp-operations; and Glenn Frederickson, vp-data processing, is now vp-administration.

Mark Baker, formerly re-

(Continued on page 60)

Teenage worker killed in forklift accident

TYSONS CORNER, Va. — A teenage employee of a J. S. Hayes Building Supply Center here was killed last month when a forklift he was driving in the store's outdoor yard tipped over and crushed him.

According to Fairfax County police, Richard Lattimore, 16, of Arlington, Va., was pronounced dead Aug. 6 at Fairfax Hospital after being airlifted by helicopter from the accident scene. A spokesman for Hayes, J. R. Barney, declined to comment to *NHCN* about the incident

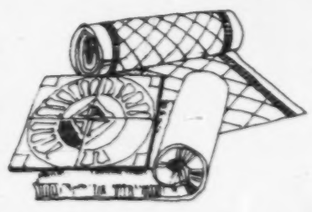
However, Barney was quoted in the *Northern Virginia Sun* as indicating that Lattimore was a part-time worker assigned to store hardware materials. According to Barney, other workers had warned the youth not to enter the supply yard area. Further, the newspaper indicated that Barney reported the teen was driving the forklift in circles when the accident occurred.

NHCN *examines how home centers address safety problems in operating heavy equipment in stores, page 45.*

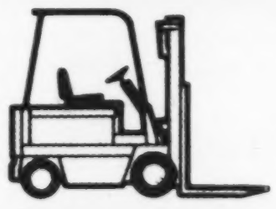
Highlights in this issue

MERCHANDISING

- *Resilient flooring market expands as it becomes a fashionable product for the entire home.* —**Page 35**
- *Self-stick tiles make gains in DIY flooring market* —**Page 40**
- *Patent award bumps manufacturer ahead in string trimmer design* —**Page 42**
- *Packaging design winners spotlighted at Hardware Show* —**Page 42**
- *Chemical sales on the rise as many dealers expand their lawn and garden offerings* —**Page 43**



SYSTEMS & OPERATIONS



Home center industry grapples with safety issues related to product handling:
- *Preventive maintenance of equipment a must*
- *Films, classes help train employees*
- *Home centers have special equipment needs* —**Pages 45-49**

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ADVERTISING

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- *Scotty's new "flexi" circular boosts sales 20%* —**Page 24**
- *Mythical mall demonstrates effectiveness of radio advertising in Cincinnati* —**Page 28**
- *Olympic renews sponsorship of tennis tournament* —**Page 30**

FINANCIAL NEWS

Disappointing sales and earnings reports threw a shadow over the home center stock scene in late August, as price percentage losers outnumbered gainers for the third straight reporting period.

Of 56 stocks whose price changes are monitored on behalf of *NHCN*, 17 gained ground and 32 lost value during the two-week reporting period that ended Aug. 23. Seven stocks remained unchanged.

The *NHCN* Retail stock index continued to underperform the Standard & Poor's 500 Index throughout most of the past 52 weeks.

Home Depot's announcement that same-store sales had declined for the first time in its history was a major contributor to the 8% decline in that company's stock price, to $11.50. The stock had actually declined by 16% during a five-day period as investors speculated that the company's earnings would be greater than anticipated, but the stock rebounded when the company's hard numbers emerged. (See story, page 1.)

On the retail scene, other price losers included Payless Cashways, which declined by 9% to $16.38, and National Lumber, which fell 6.9% to $6.75. Pay 'N Pak fell 5.4% to $13.13, while Erb Lumber declined 4.1% to $23.50.

The Retail Stock Index is calculated for each of the past 52 weeks by multiplying the market value of home center issues (combined price divided by total shares outstanding) by a constant which adjusts the index to show its relation to performance of S&P 500 Index over the past 52 weeks.

MOST ACTIVE STOCKS

Company & Market	Total 2-Week Volume (100)	Volume Trend Change %	2-Week Price Change %
INTERCO Inc ..... N	22,472	573.4	9.7
MacMilln Bldel ..... N	2,252	406.7	- 2.4
Forest City Ent ..... A	160	300.0	- 3.6
Natl Lumber ..... M	1,735	199.0	- 6.9
Home Depot ..... N	19,633	184.1	- 8.0

Company & Market	Total 2-Week Volume (100)	Volume Trend Change %	2-Week Price Change %
La Pacific ..... N	7,358	172.4	- 4.9
Mor-Flo Inds ..... M	423	169.4	- 4.0
Wolohan Lumber ..... M	765	142.6	.0
K mart Cp ..... N	43,212	141.3	- 2.9
Std Brd Pnt ..... N	3,959	139.9	- 1.1

TOP GAINERS

Company & Market	2-Weeks Ended 8-23-85 $	2-Week Price Change %	Total 2-Week Volume (100)
INTERCO Inc ..... N	72.13	9.7	22,472
Thos Inds ..... N	18.88	7.9	405
Mich General ..... A	5.25	7.7	2,032
Lowe's Cos ..... N	24.88	5.3	4,981
Ply-Gem ..... A	15.88	4.1	654

TOP LOSERS

Company & Market	2-Weeks Ended 8-23-85 $	2-Week Price Change %	Total 2-Week Volume (100)
Allegheny Int ..... N	20.88	- 9.7	1,824
Clopay Corp ..... A	15.00	- 9.1	149
Payless Cash ..... N	16.38	- 9.0	6,280
Home Depot ..... N	11.50	- 8.0	19,633
SW Forest Ind ..... N	12.13	- 7.6	1,916

National Home Center News

HOME CENTER INDUSTRY MARKET SUMMARY

Company and Market	Stock Market: 2-Weeks Ended 8-23-85 $	Price: 2-Weeks Change Amt. $	Price: 2-Weeks Change Pct. %	Price: 2-Week Range High $	Price: 2-Week Range Low $	Price: 52-Week Range High $	Price: 52-Week Range Low $	Volume: 2-Weeks Shares Traded Total (100)	Volume: 2-Weeks Shares Traded % Out %	Volume: 12-Week Avg. Vol. As % Out %	Volume Trend Change %	Financial Update: P/E Ratio -	Indicated Divd. Rate Amt. $	Indicated Divd. Rate Yld. %	Latest Report: New Report -	Latest Report: Period -	Latest Report: Date Ended -	Latest Quarter: Revenue Amt. $Mil	Latest Quarter: Revenue Chg. %	Latest Quarter: Net Income Amt. $Mil	Latest Quarter: Net Income Chg. %	Latest Quarter: E.P.S. Amt. $	Latest Quarter: E.P.S. Chg. %	Year-to-Date: Revenue Amt. $Mil	Year-to-Date: Revenue Chg. %	Year-to-Date: Net Income Amt. $Mil	Year-to-Date: Net Income Chg. %	Year-to-Date: E.P.S. Amt. $	Year-to-Date: E.P.S. Chg. %
Retailers																													
Boise Cascade ..... N	46.25	- .25	- .5	46.88	44.88	51.00	36.25	5,736	2.10	2.06	1.9	20.0	1.90	4.1	.....	6 mos.	06-85	952.8	- 4.6	31.7	- 5.4	1.07	- 7.8	1910.3	- 1.9	65.0	5.9	2.19	3.8
Color Tile ..... M	19.00	.75	4.1	19.25	18.13	20.00	15.13	2,631	2.83	2.93	- 3.4	13.1	.00	.0	NEW	fiscal	06-85	97.8	35.5	4.0	8.1	.44	10.0	347.2	22.8	13.3	- 4.3	1.45	1.4
Edison Bros ..... N	32.25	.25	.8	32.75	31.50	38.25	31.00	422	.42	.95	- 55.8	13.1	1.60	5.0	NEW	6 mos.	06-85	85.6	- 57.6	3.8	- 32.1	.38	- 29.6	362.5	- 28.5	7.7	- 50.6	.76	- 49.0
Erb Lumber ..... M	23.50	- 1.00	- 4.1	26.50	23.00	26.50	18.00	13	.15	.17	- 11.8	5.2	.00	.0	NEW	6 mos.	06-85	53.8	26.6	2.4	84.6	2.60	84.4	80.9	17.2	2.0	122.2	2.20	122.2
Evans Prod ..... N	1.75	- .13	- 6.7	2.00	1.75	6.00	1.75	356	.26	.24	8.3	NE	.00a	.0	NEW	6 mos.	06-85	315.3	- 18.0	(24.1)	NE	(1.82)	NE	544.6	- 14.8	(63.8)	NE	(4.77)	NE
Forest City Ent ..... A	23.38	- .88	- 3.6	24.88	23.38	24.88	16.00	160	.40	.10	300.0	32.5	.15	.6	.....	3 mos.	04-85	73.7	45.7	.2	NE	.02	NE	73.7	45.7	.2	NE	.02	NE
Grace W R ..... N	43.00	- .63	- 1.4	44.25	42.75	45.00	38.50	6,623	1.36	1.03	32.0	12.5	2.80	6.5	.....	6 mos.	06-85	1908.8	9.6	41.4	- 28.0	.83	- 29.7	3488.8	7.7	76.9	- 25.6	1.55	- 26.9
Hechinger A ..... M	17.25	- .13	- .7	17.50	16.00	23.19	14.00	1,510	1.73	2.13	- 18.8	NA	.16	.9	.....		00-00	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Hechinger B ..... M	17.00	- 1.25	- 6.8	17.75	16.00	24.19	14.19	1,371	.61	.29	110.3	18.1	.08	.5	.....	3 mos.	04-85	114.6	30.4	3.8	11.8	.17	13.3	114.6	30.4	3.8	11.8	.17	13.3
Hines Ed Lumber ..... O	40.75	.00	.0	41.50	40.75	43.75	35.50	9	.05	.17	- 70.6	21.4	1.00	2.5	NEW	6 mos.	06-85	79.8	3.1	1.7	112.5	1.01	124.4	129.4	2.0	.9	800.0	.53	783.3
Homecrafters Whse ..... M	5.00	.00	.0	5.50	4.75	12.25	4.75	1,861	6.59	2.78	137.1	NE	.00	.0	.....	3 mos.	04-85	45.8	25.5	(1.5)	- 100.0	(.54)	- 100.0	45.8	25.5	(1.5)	- 100.0	(.54)	- 100.0
Home Depot ..... N	11.50	- 1.00	- 8.0	12.38	10.50	20.38	10.50	19,633	7.84	2.76	184.1	25.6	.00	.0	NEW	6 mos.	07-85	174.3	46.5	2.5	- 34.2	.10	- 33.3	319.3	48.6	4.4	- 38.9	.18	- 37.9
INTERCO Inc ..... N	72.13	6.38	9.7	72.50	64.25	72.50	55.75	22,472	15.96	2.37	573.4	18.1	3.08	4.3	.....	3 mos.	05-85	589.0	- 8.8	11.2	- 42.6	.71	- 39.3	589.0	- 8.8	11.2	- 42.6	.71	- 39.3
K mart Cp ..... N	33.25	- 1.00	- 2.9	34.88	32.25	41.50	32.13	43,212	3.45	1.43	141.3	10.0	1.40	4.2	NEW	6 mos.	07-85	5460.5	8.1	74.8	- 48.2	.58	- 47.7	10444.6	13.2	133.3	- 34.1	1.04	- 33.3
Lowe's Cos ..... N	24.88	1.25	5.3	25.00	22.50	31.13	19.25	4,981	1.37	1.07	28.0	14.8	.36	1.4	.....	3 mos.	04-85	452.3	18.9	11.9	- 6.3	.33	- 5.7	452.3	18.9	11.9	- 6.3	.33	- 5.7
Mich General ..... A	5.25	.38	7.7	5.63	4.88	8.50	4.50	2,032	1.79	1.53	17.0	NE	.00	.0	NEW	6 mos.	06-85	119.0	- 2.9	(12.7)	- 100.0	(1.13)	- 100.0	207.1	- 6.0	(15.3)	- 100.0	(1.36)	- 100.0
Natl Lumber ..... M	6.75	- .50	- 6.9	7.00	6.50	7.50	4.50	1,735	3.08	1.03	199.0	32.1	.00	.0	.....	3 mos.	03-85	31.4	10.2	.2	- 33.3	.03	- 50.0	31.4	10.2	.2	- 33.3	.03	- 50.0
Pay N Pak ..... N	13.13	- .75	- 5.4	13.88	12.88	16.75	11.50	1,946	1.95	1.06	84.0	13.4	.64	4.9	.....	3 mos.	05-85	82.6	11.0	2.1	- 12.5	.21	- 12.5	82.6	11.0	2.1	- 12.5	.21	- 12.5
Payless Cash ..... N	16.38	- 1.63	- 9.0	18.00	16.00	23.38	14.00	6,280	1.81	1.69	7.1	14.5	.16	1.0	.....	6 mos.	05-85	375.7	20.5	13.0	6.6	.39	5.4	630.6	23.8	14.6	- 1.4	.44	- 4.3
Scotty's Inc ..... N	13.75	.25	1.9	13.75	13.00	16.38	12.50	925	.70	.50	40.0	10.3	.52	3.8	.....	9 mos.	03-85	121.7	6.0	5.0	- 12.3	.38	- 13.6	333.0	7.2	12.0	- 1.6	.90	- 6.3
Sears, Roebuck ..... N	35.25	.00	.0	35.63	35.00	39.13	29.75	47,865	1.32	.70	88.6	9.4	1.76	5.0	.....	6 mos.	06-85	9697.1	1.3	265.5	- 25.4	.72	- 27.3	18600.0	3.2	488.8	- 14.2	1.32	- 17.0
Std Brd Pnt ..... N	22.63	- .25	- 1.1	23.50	22.50	23.88	17.75	3,959	3.55	1.48	139.9	12.0	.56	2.5	.....	3 mos.	04-85	80.9	4.0	4.8	4.3	.43	2.4	80.9	4.0	4.8	4.3	.43	2.4
Supermkts Gen ..... N	43.50	- 1.63	- 3.6	45.13	42.75	48.38	26.50	2,361	1.33	.99	34.3	12.9	.48	1.1	.....	3 mos.	04-85	1215.4	37.2	11.8	181.0	.66	175.0	1215.4	37.2	11.8	181.0	.66	175.0
Wolohan Lumber ..... M	6.63	.00	.0	6.75	6.50	7.25	4.25	765	1.31	.54	142.6	13.0	.16	2.4	.....	6 mos.	06-85	43.4	10.7	1.3	30.0	.24	41.2	66.5	8.3	1.0	42.9	.18	50.0
Wholesalers																													
Lewis Palmer ..... M	7.50	- .50	- 6.3	8.25	7.50	9.75	7.13	339	.91	.45	102.2	35.7	.28b	3.7	.....	3 mos.	04-85	33.0	13.4	.0	- 100.0	.00	- 100.0	33.0	13.4	.0	- 100.0	.00	- 100.0
Manufacturers																													
Allegheny Int ..... N	20.88	- 2.25	- 9.7	23.13	20.63	28.75	20.25	1,824	1.73	.94	84.0	NE	1.40	6.7	.....	3 mos.	03-85	507.2	1.9	5.1	- 7.3	(.35)	NE	507.2	1.9	5.1	- 7.3	(.35)	NE
Am Standard ..... N	29.75	- .25	- .8	30.38	29.00	35.38	26.75	5,546	1.42	.81	75.3	9.9	1.60	5.4	.....	6 mos.	06-85	878.3	- 1.6	37.3	6.3	.95	4.4	1667.3	9.4	57.6	4.7	1.47	- 4.5
Armstrng Wrld ..... N	34.00	- 1.25	- 3.5	35.38	33.75	39.75	26.75	4,619	1.93	1.32	46.2	8.9	1.30	3.8	.....	6 mos.	06-85	429.9	5.3	32.3	19.2	1.34	20.7	806.5	1.9	50.2	- .8	2.09	2.0
Black & Decker ..... N	18.63	- .50	- 2.6	19.38	18.00	26.88	18.00	11,024	2.19	2.12	3.3	15.5	.64	3.4	.....	9 mos.	06-85	371.9	- .3	(7.1)	- 100.0	(.14)	- 100.0	1278.0	21.7	36.7	- 48.2	.72	- 51.0
Certain-teed ..... N	25.88	.13	.5	26.13	25.38	28.50	15.75	1,191	.63	.56	12.5	12.2	.70	2.7	.....	6 mos.	06-85	291.0	- 6.2	16.5	- 2.4	.84	- 1.2	543.9	- 7.6	24.7	- 5.0	1.25	- 3.8
Champ Intl ..... N	23.25	- .50	- 2.1	24.00	22.75	26.75	18.38	12,963	1.40	1.29	8.5	NE	.52	2.2	.....	6 mos.	06-85	1598.9	38.8	43.3	8.0	.42	- 36.4	3244.7	41.1	87.1	25.9	.85	- 24.1
Clopay Corp ..... A	15.00	- 1.50	- 9.1	16.75	14.75	22.19	10.91	149	.98	1.04	- 5.8	13.5	.16	1.1	.....	6 mos.	06-85	36.0	6.5	.0	- 100.0	.04	- 89.2	65.2	6.0	(.5)	- 100.0	(.32)	- 100.0
DeSoto Inc ..... N	33.75	.13	.4	34.13	33.50	37.88	29.63	166	.35	.85	- 58.8	10.3	1.40	4.1	.....	6 mos.	06-85	127.9	1.4	6.4	.0	1.34	17.5	220.9	2.8	7.2	- 28.0	1.51	- 15.6
Exhart Corp ..... N	29.00	- .63	- 2.1	29.75	28.63	33.13	26.25	4,448	1.61	.77	109.1	9.8	1.40b	4.8	.....	6 mos.	06-85	449.5	- 3.3	25.3	14.0	.91	3.4	869.4	- 6.1	39.4	- 9.2	1.42	- 17.9
Georgia-Pacific ..... N	22.75	- .63	- 2.7	23.38	22.00	27.38	20.00	16,902	1.64	1.12	46.4	21.9	.80	3.5	.....	6 mos.	06-85	1794.0	7.4	67.0	- 20.2	.61	1.7	3374.0	6.8	116.0	- 14.1	1.04	7.2
Insilco Corp ..... N	18.88	.25	1.3	19.13	17.88	20.72	15.34	2,969	1.53	.84	82.1	10.4	1.00b	5.3	.....	6 mos.	06-85	230.7	9.4	10.6	6.0	.57	3.6	428.0	7.3	16.6	.0	.90	- 1.1
La Pacific ..... N	19.25	- 1.00	- 4.9	20.25	19.25	24.75	17.84	7,358	2.07	.76	172.4	18.7	.80b	4.2	.....	6 mos.	06-85	345.0	6.3	5.0	- 33.3	.14	- 36.4	616.0	- 2.8	7.4	- 48.3	.21	- 48.8
Macmillin Bldel ..... N	15.00	- .38	- 2.4	15.50	14.75	21.81	14.75	2,252	.76	.15	406.7	27.8	.00a	.0	.....	6 mos.	06-85	598.0	11.9	7.8	47.2	.05	NE	1136.6	20.1	10.4	NE	(.08)	NE
Manville Cp ..... N	6.25	.00	.0	6.25	5.50	8.63	5.13	11,039	4.60	2.63	74.9	2.8	.00	.0	.....	6 mos.	06-85	500.8	9.7	20.4	12.7	.59	20.4	934.0	7.8	32.6	5.8	.84	10.5
Masco Corp ..... N	33.50	- 1.25	- 3.6	35.00	32.88	36.00	24.00	7,061	1.22	.89	37.1	23.9	.56	1.7	.....	6 mos.	06-85	256.0	80.3	36.3	433.8	.63	- 33.7	485.0	71.9	71.8	443.9	1.24	- 32.6
Mor-Flo Inds ..... M	17.88	- .75	- 4.0	18.38	17.88	20.25	14.38	423	1.67	.62	169.4	6.8	.01	.1	NEW	6 mos.	06-85	53.6	3.7	1.7	.0	.69	1.5	106.0	5.4	3.4	6.3	1.34	3.9
Natl Gypsum ..... N	48.75	1.13	2.4	49.13	47.00	49.38	34.00	2,144	1.38	1.47	- 6.1	6.6	2.00	4.1	.....	6 mos.	06-85	443.6	- 1.3	35.5	21.2	2.28	21.3	809.4	- 3.6	61.5	15.0	3.95	15.2
Newell Co ..... N	16.00	.00	.0	16.50	15.63	19.00	13.25	544	.63	.41	53.7	9.4	.50	3.1	.....	6 mos.	06-85	81.7	9.2	4.8	20.0	.53	15.2	161.2	6.8	8.0	15.9	.88	10.0
Owens Corning ..... N	34.75	.00	.0	35.00	33.88	37.00	28.88	5,839	1.97	1.04	89.4	8.8	1.40	4.0	.....	6 mos.	06-85	789.9	3.3	20.2	- 18.5	.68	- 20.0	1467.9	.6	48.2	5.9	1.63	5.2
Ply-Gem ..... A	15.88	.63	4.1	16.25	14.38	16.50	12.44	654	1.78	1.05	69.5	15.1	.16	1.0	NEW	6 mos.	06-85	42.8	- 1.6	.9	- 30.8	.22	- 38.9	83.5	1.0	2.0	- 16.7	.52	- 24.6
Pope & Talbot ..... N	17.88	- .13	- .7	18.38	17.50	21.50	15.25	329	.55	.25	120.0	NE	.80	4.5	.....	6 mos.	06-85	85.2	8.7	1.8	- 30.8	.30	- 31.8	168.3	6.1	4.0	- 14.9	.67	- 15.2
Potlatch Cp ..... N	32.50	- .25	- .8	33.88	32.25	38.13	28.00	1,272	.83	.35	137.1	13.0	1.56	4.8	.....	6 mos.	06-85	248.6	- 3.9	10.5	- 34.4	.61	- 33.7	483.3	- 5.0	22.0	- 22.8	1.28	- 19.0
Sherwin-Wms ..... N	37.63	- 1.63	- 4.1	39.38	37.25	40.00	25.50	3,017	1.32	.65	103.1	12.5	.92	2.4	.....	6 mos.	06-85	606.6	8.8	28.5	11.3	1.24	12.7	1098.7	7.6	34.2	11.8	1.49	12.9
SW Forest Ind ..... N	12.13	- 1.00	- 7.6	13.13	12.00	18.75	11.75	1,916	2.06	2.35	- 12.3	NE	.00	.0	.....	6 mos.	06-85	178.8	- 14.7	(2.9)	- 100.0	(.47)	- 100.0	349.3	- 9.1	(4.5)	- 100.0	(.80)	- 100.0
Stanley Works ..... N	29.88	- .25	- .8	30.25	29.50	31.38	23.88	1,838	.66	.69	- 4.3	11.1	.96	3.2	.....	6 mos.	06-85	311.9	6.7	19.2	6.1	.70	7.7	588.8	5.6	33.2	4.1	1.22	7.0
Thos Inds ..... N	18.88	1.38	7.9	18.88	17.38	19.13	13.97	405	.48	.64	- 25.0	10.5	.68b	3.6	.....	6 mos.	06-85	78.9	9.3	3.9	8.3	.47	9.3	152.8	13.1	7.1	- 7.8	.84	- 7.7
Triangle Pac ..... N	29.00	.75	2.7	29.38	28.25	31.25	22.63	360	.87	1.30	- 33.1	8.6	1.00	3.4	.....	6 mos.	06-85	67.1	- 9.7	4.3	10.3	1.04	7.2	129.2	- 5.0	6.9	7.8	1.66	5.7
USG Corp ..... N	39.50	1.13	2.9	40.88	37.38	44.50	26.38	5,009	1.51	1.02	48.0	6.8	1.68	4.3	.....	6 mos.	06-85	645.6	8.7	61.7	5.8	1.84	4.0	1233.9	14.9	104.2	6.5	3.12	5.4
Walter, Jim ..... N	35.13	.13	.4	36.00	34.00	39.25	25.13	6,329	3.01	1.73	74.0	7.2	1.40	4.0	.....	9 mos.	05-85	579.8	2.7	31.2	6.1	1.43	5.9	1664.4	- 1.7	73.3	15.8	3.36	15.9
Wausau Ind ..... M	12.63	.13	1.0	13.13	12.50	16.88	5.50	369	1.22	1.88	- 35.1	16.0	.08	.6	.....	9 mos.	03-85	20.5	97.1	.5	66.7	.19	58.3	61.4	105.4	1.7	142.9	.66	144.4
Weyerhaeuser ..... N	28.25	.25	.9	28.50	28.88	34.00	25.88	10,345	.80	.64	25.0	23.3	1.30	4.6	.....	6 mos.	06-85	1400.1	622.4	59.7	- 42.5	.41	- 43.8	2675.8	81.9	97.9	- 30.3	.65	- 32.3

All data is based on sources believed to be reliable, but its accuracy is not guaranteed. Every effort will be made to correct errors, when discovered, in future issues.

Reporting period
3 mos.—First quarter of fiscal year
6 mos.—First six months of fiscal year
9 mos.—First nine months of fiscal year
Fiscal—Fiscal year
NEW—New report since last issue

NA—Not available or not applicable
NC—Data required for calculation currently incomplete in our files
NE—Negative earnings invalidate calculations
NM—No meaningful figure
a—Under dividend amount, indicates a stock dividend

b—Indicates cash plus stock dividend when applied to dividend amount column

All earnings data and all related calculations using earnings data use primary earnings from total operations and after taxes. Earnings are before extraordinary items, when such items are applicable.

Market
N—New York Stock Exchange
A—American Stock Exchange
O—NASDAQ Over-the-Counter
M—NASDAQ National Market

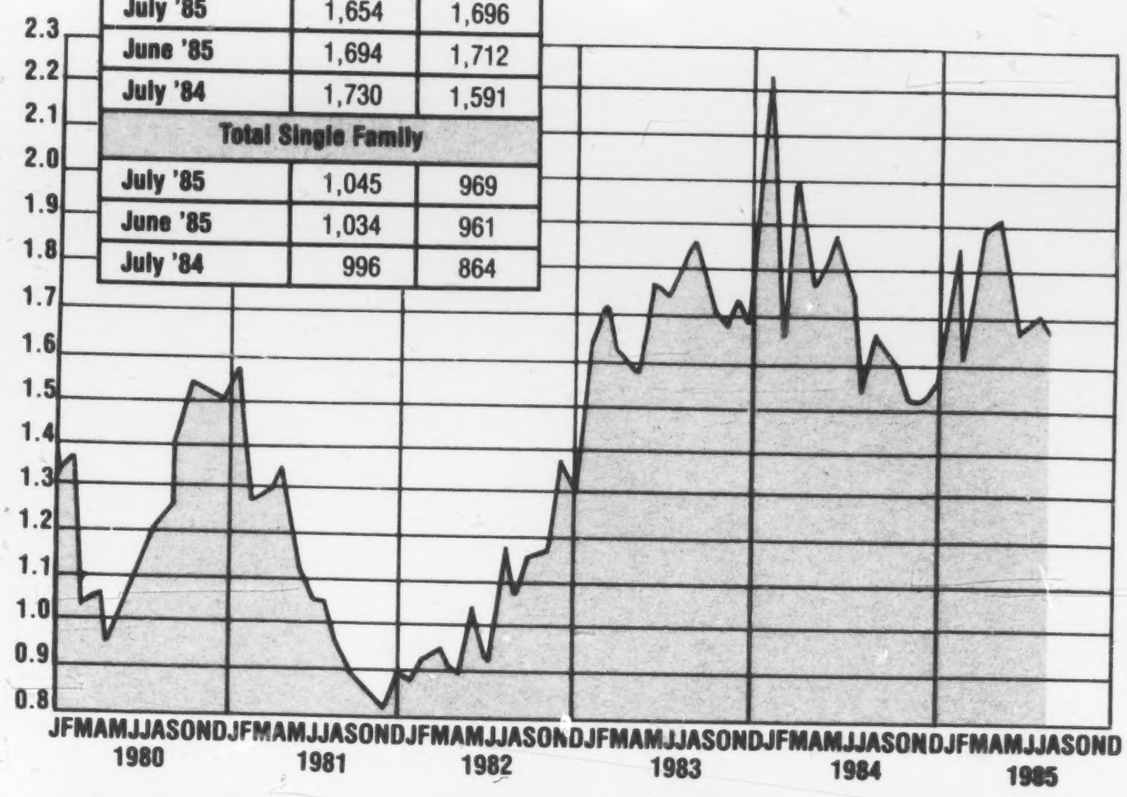
Data and Table Provided by Media General Financial Services Inc., Richmond, Va. 23219

HOUSING WATCH

TOTAL (in thousands)	Starts	Permits
July '85	1,654	1,696
June '85	1,694	1,712
July '84	1,730	1,591
Total Single Family		
July '85	1,045	969
June '85	1,034	961
July '84	996	864

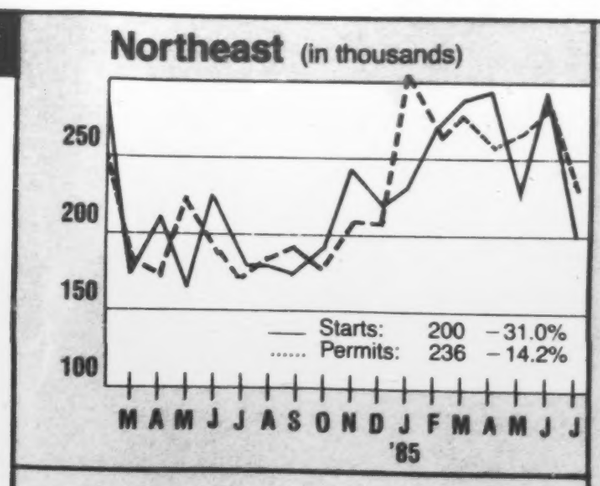
U.S. housing starts

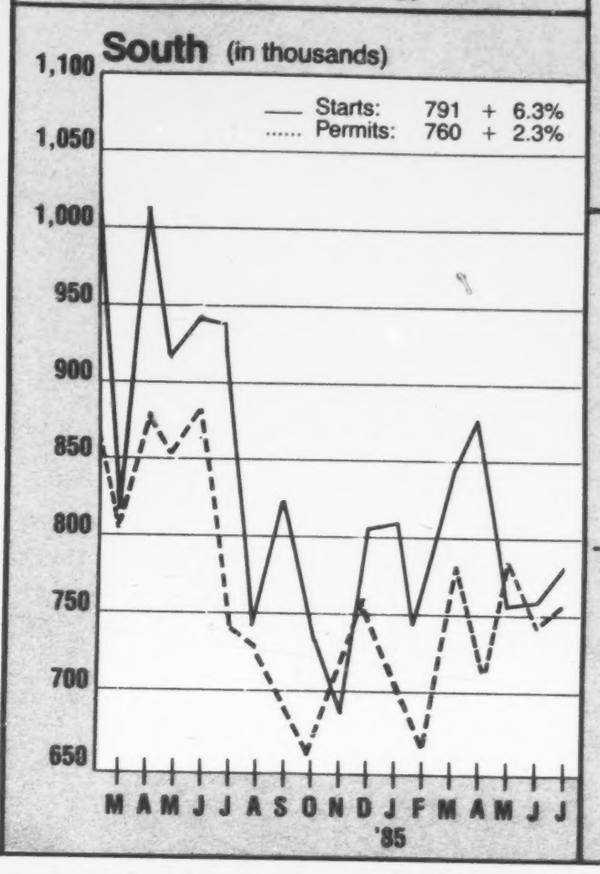
Seasonally adjusted annual rates

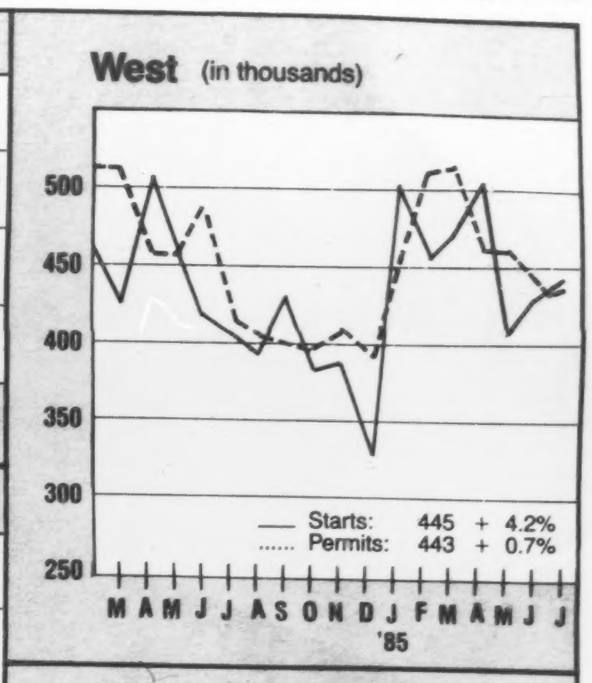


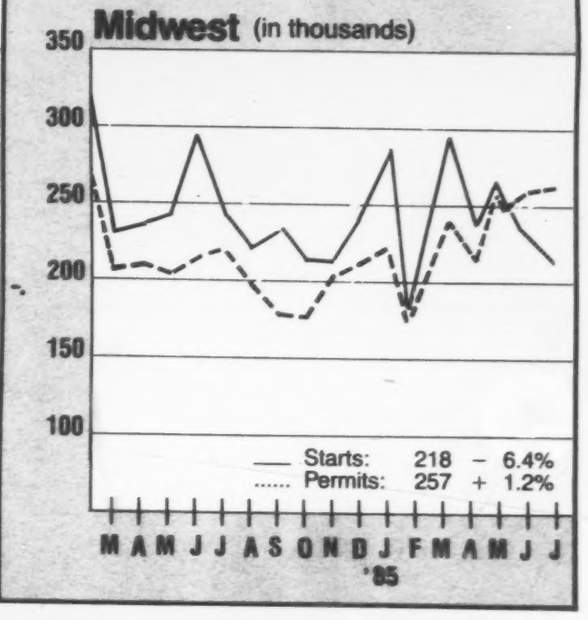
Strong permit activity in July is expected to produce strong housing starts during the second half of this year, according to Michael Sumichrast, senior staff vp with the National Assn. of Home Builders. He is also predicting that 1985 will yield 1.68 million housing units, about 3% to 4% below 1984, compared with the 5% drop originally forecasted for 1985.

Source: U.S. Dept. of Commerce, Bureau of the Census









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Growing permit activity prompts NAHB to predict strong 2nd half

NATIONAL REPORT — Housing starts in July dropped 2.4% to a seasonally adjusted 1.65 million units. The Northeast region leads the slide with a 31% decline, according to Commerce Department statistics.

But Michael Sumichrast, senior staff vice president, with the National Assn. of Home Builders cautioned the doomsayers.

"When you really look beyond the numbers, permits are very strong," he said. "In the last few months, they have been higher than starts, which will give a very strong second half."

In fact, Sumichrast said that since spring, permits are averaging 1.9 million-units, much higher than the NAHB had forecasted for the year. Permits were off 0.9% nationally to 1.7 million units, seasonally adjusted, in July. Regionally, permits were up moderately in all areas of the country except in the Northeast, where they were off 14.2%.

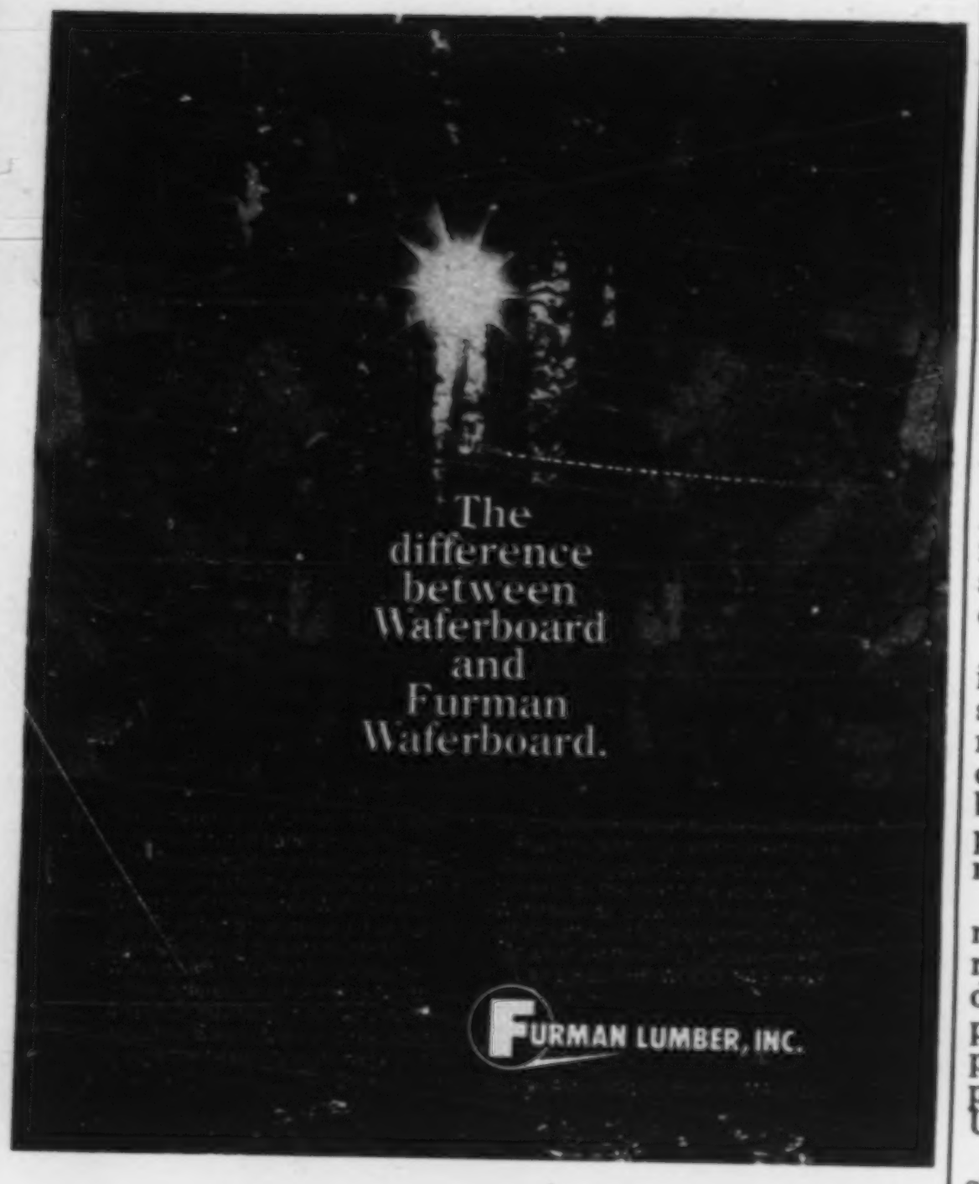
The NAHB had predicted that starts would be 5% below the 1.755 million units posted last year, but now expect 1985 to be much closer to 1984 levels, perhaps just 3% below 1984.

"What we're seeing is very strong permit activity, stronger than we thought. The year will end up close to 1984, maybe only 50,000 units less, rather than 100,000," Sumichrast commented.

He explained that the drop in the Northeast was centered primarily in the multifamily housing sector, both owner-occupied and rental properties. "A lot of it is in condominiums, which aren't doing well anywhere," he said.

Despite the decline in total housing starts, single-family starts rose 1.1% in July to a seasonally adjusted 1.045 million units.

Compared to last July, all four regions are a combined 4.4% below the 1984 total housing starts level, but 4.9% ahead in single-family starts, 6.6% ahead of total housing permits, and 12.2% above single-family permits.



LUMBER REPORT

Lumber companies fail to prosper during robust economic recovery

Potlatch closings illustrate dilemma

By Milford Prewitt
NHCN associate editor

LEWISTON, Idaho — American lumber producers find themselves currently operating in a perplexing business cycle.

In a period of such encouraging trends as brisk housing starts, declining mortgage rates and strong demand for certain structural panels, lumber producers are unable to prosper from the robust economic times.

Instead, the lumber companies find themselves beset by a market that is oversupplied, depressed by dwindling lumber prices and shoved aside by competitive Canadian lumber exporters who hold a third of the U.S. market.

For most companies, what strategy to select to make sense of the puzzle and come out ahead is usually reached when looking at the bottom line, and in the case of one lumber company, Potlatch Corporation, the bottom line dictates a cut in production and significant layoffs.

While Potlatch has been losing money for about four years, its attempt to stop its financial hemorrhage by closing two plants serves as a broader bellwether to the industry's woes as a whole.

Lawrence Ross, a New York-based analyst with Paine Webber, said Potlatch's plight and its reaction is typical of the steps lumber companies are taking to remain competitive.

"The industry has not been doing well," Ross said. "The price of lumber has fallen nearly 22% since 1979 to 1984 and there's more capacity on the market at the same time.

Significantly, while the composite price of lumber according to *Random Lengths* rose from $176 per thousand board feet at the end of the first quarter to $230 by the middle of the second quarter, the price has fallen below $200 in the past eight weeks. And order files have also dropped sharply.

In a recent timber trends survey, Ross reported that lumber's current business cycle is an unusual break with the past. Although the industry has always been marked by cyclical ebbs and flows based on housing, the current housing recovery has not brought new earnings for producers, Ross said.

"In the case of Potlatch, they've lost more than $5 million in their wood products operation and they can't sustain that. So what they are doing is a perfectly conventional response," Ross added.

Potlatch has announced that it will layoff about 850 salaried and hourly employees from its Lewiston sawmill operation, a 40-year-old plant, and shutdown a plywood plant at Jaype, Idaho.

The firm's decision came after Potlatch reviewed its bleak second quarter earnings performance. In the first six months of 1985, the company's overall earnings fell 23% compared to 1984, due largely to what the company called "disappointing results in wood products."

The wood products operation lost $5.9 million during the second quarter of this year, almost four times the $1.5 million the company reported losing for the same time period in 1984. Overall, earnings for the diversified forest products company were $10.5 million, down from 1984's $15.9 million.

In a prepared statement in response to the company's performance, Richard H. Madden, Potlatch chairman and ceo, blamed poor domestic markets, the adverse affects of the strong U.S. dollar on export sales and the Canadian lumber invasion as the three culprits hurting the firm's profitability.

Although Madden said the company had strong demand for its paper and panel products, earnings in these two categories were not enough to negate overall losses.

"Housing market improvements during the quarter were not enough to offset the negative effects of excessive industry capacity and the large volume of imported Canadian lumber," Madden said. "This means staying lean and being prepared, financially and operationally, to take whatever actions are required to compete successfully, whatever the economic environment."

Ranked by *Forest Industries* magazine as the 20th largest American lumber producer in 1984 (out of 400 firms), Potlatch

(Continued on page 54)

FUTURES

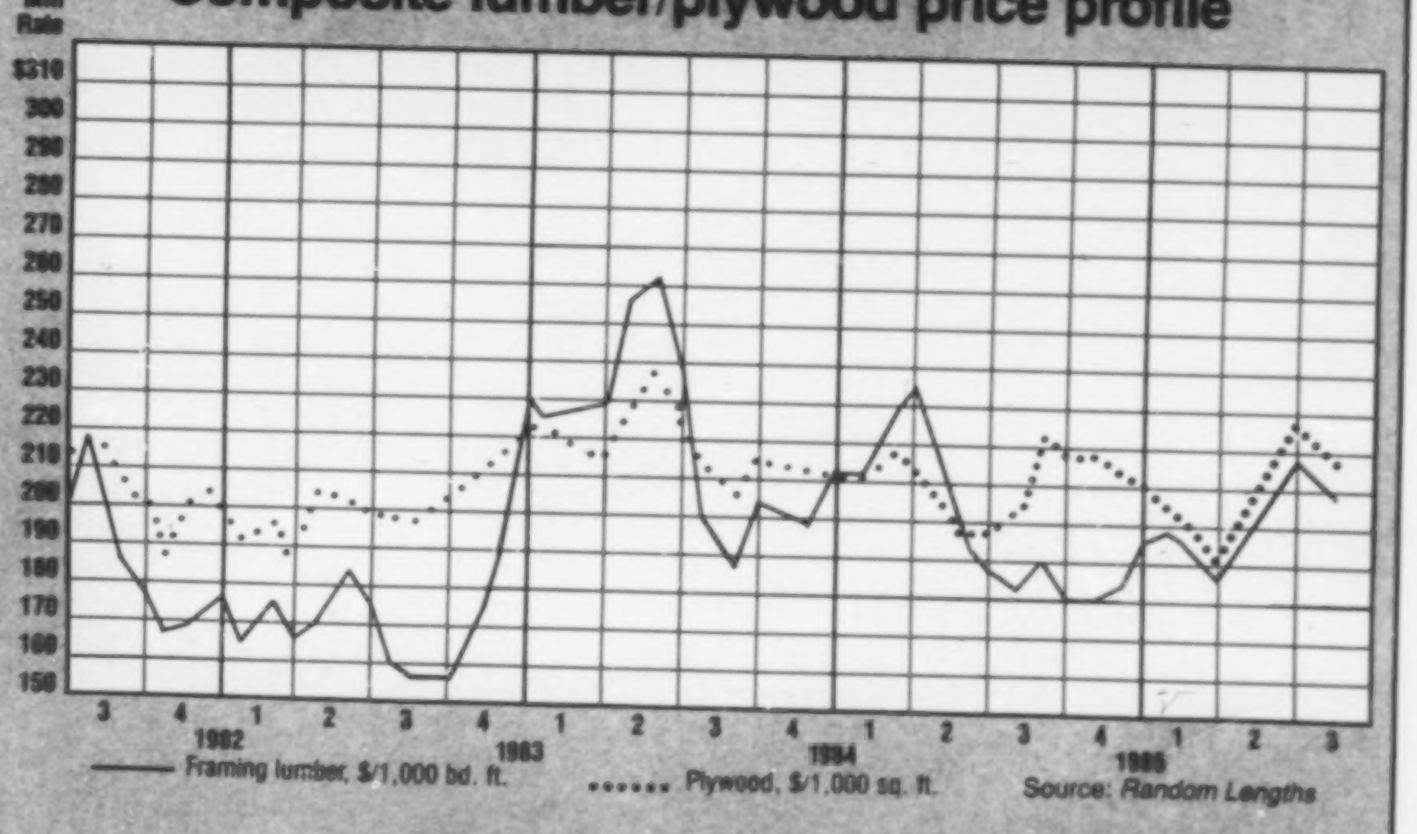
Two weeks ended Aug. 8, 1985

	High	Low	Close	Previous Week	Open* Interest	Contract High	Contract Low
LUMBER (CME)—130,000 bd. ft. spruce-pine-fir 2x4's; $ per 1,000 bd. ft.							
Sept. '85	139.50	133.50	137.20	138.00	4,105	197.50	133.50
Nov.	139.30	133.70	137.00	139.10	2,721	186.10	133.70
Jan. '86	145.40	141.00	143.40	146.00	975	187.30	141.00
March	152.70	148.30	150.30	152.50	781	195.00	148.30
May	157.20	152.50	155.60	157.50	328	176.40	152.50
July	162.00	157.50	159.70	161.70	69	183.40	157.50
Sept.	165.00	161.00	162.60	165.40	37	180.00	161.00

Total Contract Vol. (Through 8/8): 13,767 — Previous Two Weeks: 15,440
Total Open Interest (As of 8/8): 9,016 — Previous Week: 8,814
Cash Price: $148.96 — Previous Week: $150.92 — Year Ago: $144.06

CME—Chicago Mercantile Exchange
*Figures for Thursday, August 8.
Open Interest is the number of outstanding contracts for each delivery month not liquidated by an offsetting transaction or fulfilled by delivery.

Composite lumber/plywood price profile



Source: *Random Lengths*

After rebounding in the second quarter with strong sales and higher price levels, the composite lumber prices are starting to drop again, ironically during the height of the summer building season.

The price of framing lumber dropped from $220 per thousand board feet to $208 in early July. Plywood followed from $230 per thousand board feet to $217 during the same time period.

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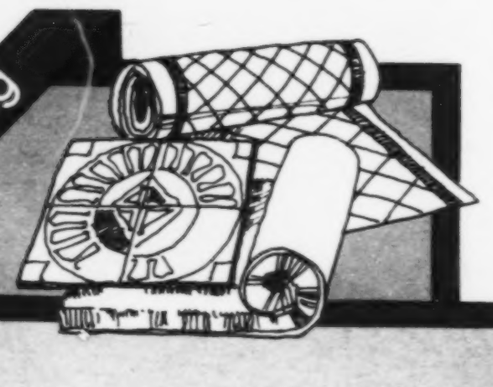
MERCHANDISING

Floor Covering



Resilient flooring growing as fashionable product for the entire home

Floor covering market by category

(% share of market)

	1985	1984
Wall-to-wall carpeting	52.6%	51.7%
Resilient flooring		
Sheet vinyl	12.1	12.6
Tile	3.6	3.2
Total	15.7	15.7
Carpet remnants	6.7	6.9
Indoor/outdoor carpeting	2.5	2.9
Hardwood flooring	2.5	2.1
Area rugs	2.3	2.8
Ceramic tile	1.8	2.1
Carpet tile	1.7	1.3

Source: Retail Floor Covering Institute Management Report 1985; *NHCN* chart

Resilient flooring accounts for 15.7% of all flooring purchases made at retail, according to the Retail Floor Covering Institute, making it the most preferred flooring material after wall-to-wall carpeting.

NATIONAL REPORT — Retailers across the country are expanding their flooring departments to include more resilient flooring, now a fashion item, as part of their overall emphasis on home decor products and departments.

This growing emphasis on resilient flooring, both rolled vinyl, also called sheet vinyl, and tile, particularly self-adhesive tiles, reflects a trend fueled by increased product variety, styles, colors and quality grades that consumers have accepted for use throughout their homes, not just in the kitchen and bath.

"The market as a whole is growing, especially the DIY end of it where it has the biggest opportunity to grow," asserted Jim Chambliss, buyer for Scotty's, the 114-unit retailer based in Winter Haven, Fla.

And the market will continue growing so long as the resilient flooring manufacturers and DIY market retailers continue to advertise products, asserted Bill Graham, director of communication for the Retail Floor Covering Institute.

The vigorous advertising campaigns undertaken by the top manufacturers in home decor magazines and on TV "has informed people their products are beautiful," he added.

Although sales gains have not been consistent this year in the floor covering industry and sales declines could be recorded, according to Michael Karol, editor-in-chief of *Mod-*

(Continued on page 36)

MERCHANDISING

Resilient floors grow as fashionable product

(Continued from page 35)

ern Floor Coverings, a trade publication, several retailers are reporting that they are experiencing improved sales in this category.

Among the many posting sales increases are Scotty's, Somerville Lumber, Somerville, Mass.; Builders Supply Co. of Hopewell, Hopewell, Va.; Wolohan's, Saginaw, Mich.; Ed Price Building Materials Co., Baton Rouge, La., and Color Tile, the 665-unit floor covering specialty store.

Larry Sauter, assistant merchandise manager for Color Tile, noted that last year the Fort Worth-based retailer posted sales of more than $290 million, a figure it expects to better in 1985 by "the low to midteens."

In addition, Color Tile, which is in all 48 contiguous states, will add 35 to 40 new stores this fiscal year, ended June 30, he said.

Sales of resilient flooring have been "picking up for the last two years," said Sauter, and sheet vinyl has "increased dramatically."

According to the Retail Floor Covering Institute 1985 Management Report to be released next month, 15.7% of floor covering sales in the average retail store in the U.S. is for resilient flooring. Only wall-to-wall carpeting, with a 52.6% share, has a bigger part of the flooring sales market.

Of all resilient flooring, sheet vinyl is the dominate product taking 12.1% of all such sales with just 3.6% going to self-adhesive tile. But the tile is increasing its share of the resilient market, at the expense of rolled vinyl, the forthcoming report notes. Last year, tile amounted to only 3.2% and rolled vinyl, 12.5%. (See other story.)

Most retailers polled for this story commented that resilient flooring is gaining in popularity because it is an easy DIY project, not really time consuming and fairly inexpensive to undertake. Depending on the quality of the product chosen, a 6-ft. x 6-ft. bathroom can be refloored for about $50, a 9-ft. x 12-ft. kitchen for about $100.

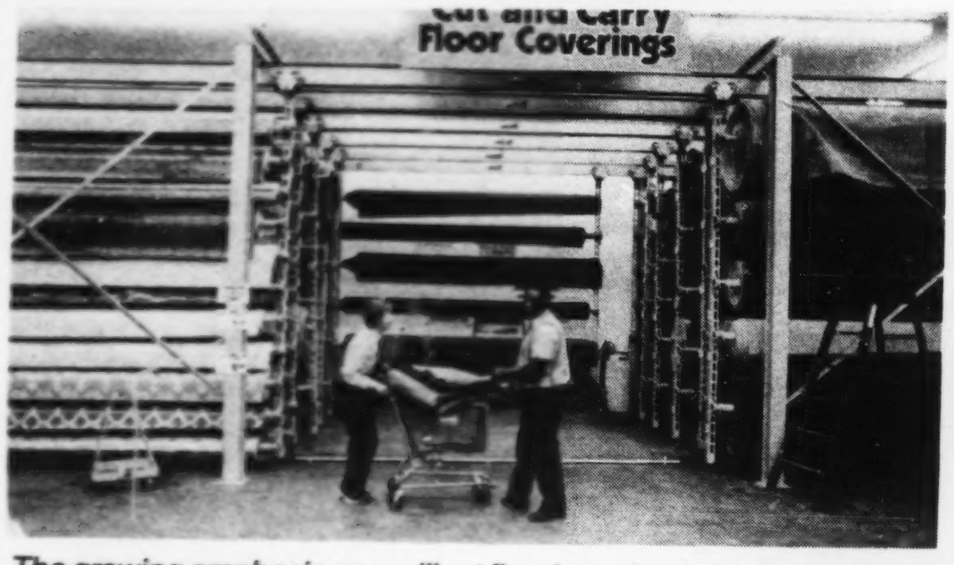
The best-selling merchandise, all retailers agree, is the moderately priced product: rolled vinyl priced between $6 and $12 per yard, and tile at about 90¢ for a 12-in. square.

Margins vary but average 35%, although this is one category of merchandise where consumers are extremely price conscious, retailers noted. In fact, Tim Stein, director of purchasing and merchandising for the 35-unit Wolohan's, said his flooring sells primarily on promotion and he's not sure it will sell at normal retail prices.

But the company isn't worried, he noted. "We're trying to sell the project concept. We're getting a [customer] flow from floor coverings into other products where there are normal margins."

Wolohan's sold more than $600,000 of resilient flooring last year and projects it will sell about $750,000 this year, primarily in sheet vinyl, all through aggressive advertising.

Wolohan's has stepped up its ad budget for home decor products this year and has included flooring in these promotions, he said.



The growing emphasis on resilient flooring reflects a trend fueled by increased product variety, styles, colors and quality grades. Pictured is the flooring department at Scotty's, St. Petersberg, Fla.

NHCN photo

Many companies are aggressively working to gain a larger share of the resilient flooring market.

Scotty's is "kicking around ideas to show more product better and in less space," commented Chambliss. Already, several of its stores are being remodeled with larger floor covering departments that also include larger automatic flooring racks for sheet vinyl. The company also is considering new displays for its resilient tiles and is looking to increase stock keeping units above the several hundred now maintained.

The flooring department at Somverville Lumber's forthcoming units in Pelham, N.H., and Seekonk, Mass.—its fourth and fifth stores—will expand the current 1,800-sq.-ft. department to 3,600-sq.-ft., like its prototypical Bridgewater unit, to include more in-store inventory, said Arthur Rutstein, buyer.

Flooring sales are 38% ahead of last year and average $200,000 per month at Somerville. "We're pushing for DIY," he noted.

Somerville Lumber carries between 45 and 50 rolls of sheet vinyl and replaces four to five of the rolls daily due to high turns. In fact, Rutstein said his entire inventory, including the 250 to 300 sku's of tile, turn 8 to 10 times a year.

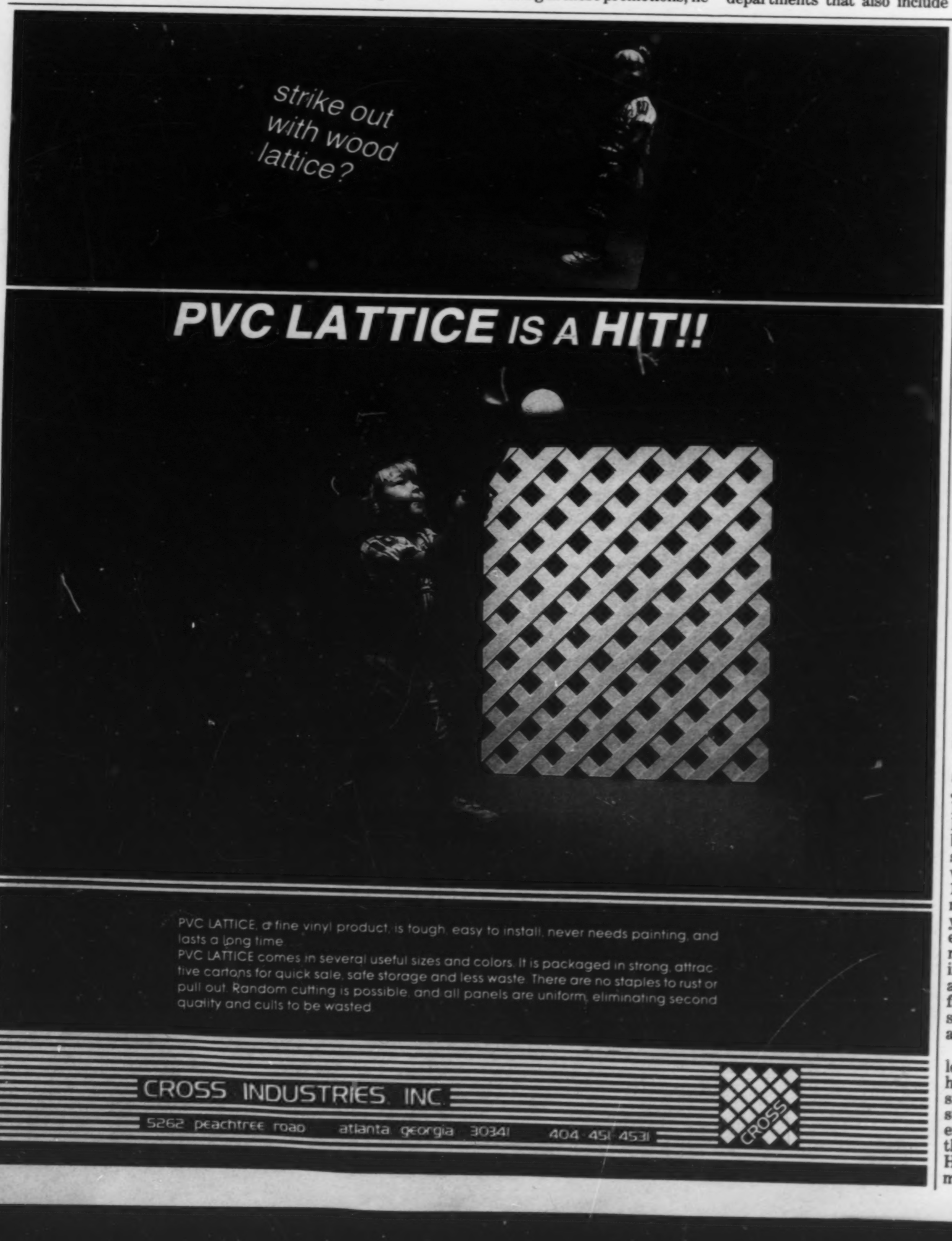
Change of a smaller kind is under way at Builders Supply Co. of Hopewell. Already ahead 14% over last year the single-unit retailer is projecting it will produce sales of between $400,000 and $500,000 from the 1,200-sq.-ft. department, up from last year's $350,000, representing 5% of the company's $8 million sales total in 1984, said Brian Robertson, buyer. Sheet vinyl amounted to 80% of its retail flooring sales.

The Hopewell, Va., company is so confident in the growing flooring market that it is opening a second store early next year in the Richmond, Va., area that will include a 2,000 sq.-ft flooring department.

"We feel the cash and carry market is strong there. We're broadening selection across the board but heavier in the middle price ranges," declared Robertson.

Department size and product selection is also important to Jim Price, co-manager of Ed Price Building Material Co. in Baton Rouge, La., with his brother Ronnie. The $15 million sales total it recorded in 1984 was from its single retail unit, a 1,000 sq.-ft. showroom with a nine-acre yard that either next year or in 1987 will be expanded, plus its wholesale and commercial divisions. The upcoming store expansion will include a larger flooring department to facilitate more than just the small selection of rolled vinyl and tile it has now, he said.

Price said instead of just the lower-end sheet vinyl and tile, he will carry three grades of resilient flooring and offer installed services for the customers who want it. "Remodeling is the thing to go after," he said. His customers are asking for more product.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Wood producers fail to prosper during recovery

(Continued from page 16)

had been contemplating the construction of a $30 million, high-speed, small-log sawmill plant in Lewiston, according to H. R. Hutchins, a company spokesman. "But that has been shelved until we see a better outlook for lumber," he said.

Hutchins said one reason the Lewiston sawmill was closed derived in part from its aging equipment and its inability to compete with more modern sawmills at other companies.

But he noted that other competitors, including Boise-Cascade, Georgia Pacific and even industry leader, Weyerhaeuser, have all been forced to close plants and streamline operations. Until the industry's excessive oversupply problem is resolved, shutting down plants is going to be a regular and common tactic, he added. "The only way to bring some balance between demand and supply is to shut down capacity," Hutchins said.

Hutchins said lumber growers are operating in an environment unlike any they've encountered in the recent past.

"This is a very strange business cycle for lumber producers," he said. "Normally, this would be an upcycle for us. Housing starts are good, mortgage rates are relatively down and we have a strong economy in general. But very few lumber growers are in a position to call this an upcycle."

As have many American lumbermen, Hutchins put the Canadians in black hats for causing most of the industry's problems, citing their ability to use government programs that allow them to sell timber at below-breakeven prices. But, he added, some Americans can also be blamed for the oversupply problem.

"We know that there are several examples out there of integrated companies, those in paper and lumber, running their mills at a loss just to make up on the more profitable pulp and paper products," he said. "There are some companies that just believe they need chips."

Hutchins' complaint is supported by Paine Webber which found that with stumpage much more valuable for its pulpwood supply than it was in 1979, some producers are using lumber as a byproduct of the wood residual process rather than the other way around.

Luke Popovich, for the American Forest Institute, a research arm of the National Forest Products Association, said what's happening to Potlatch is symptomatic of a very depressed industry. He said even Champion International has closed six plants within the past few months in the west.

He said the problem with the oversupply in the market will remain as long as the Canadians are able to sell lumber at prices far less than American stumpage prices.

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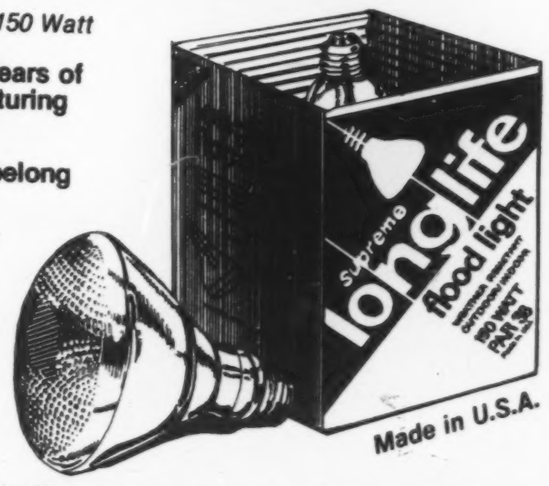

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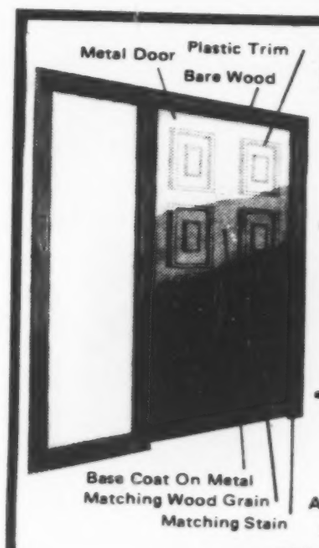

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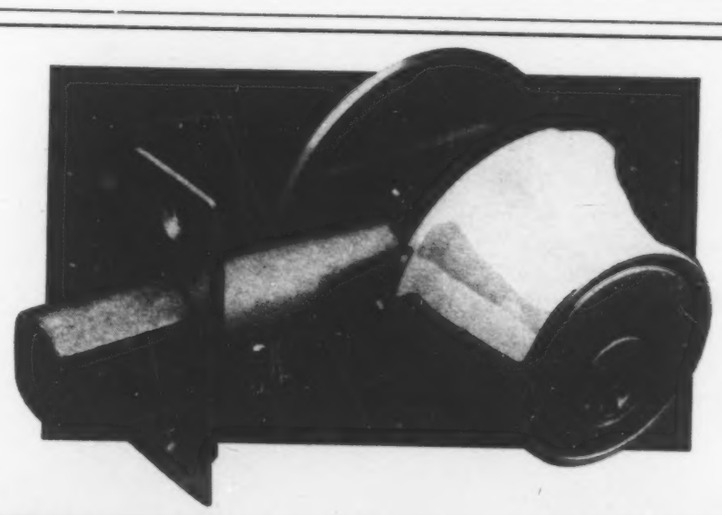

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